



## SITE LICENSING — DATABASE PRODUCERS, ONLINE HOSTS AND USERS GIVE THEIR VIEWS

*Richard Poynder*

**In our first Forum, where information, producers users and distributors internationally discuss a topical issue, Richard Poynder approaches key figures in the industry to solicit views on site licensing.**

A number of recent deals between database producers and user groups have highlighted the extent to which the phenomenon known as site licensing or tape leasing is growing in popularity.

Early last year, in the wake of an earlier deal with ISI, CHEST, the UK higher-education consortium, agreed a contract with Elsevier that will offer 183 higher education establishments in the UK the opportunity to purchase unlimited usage of Embase on an annual fee basis. Last November, the Institution of Electrical Engineers announced that it had signed contracts to provide users of the nine campuses of the University of California and the campus of the University of Washington with unlimited access to the INSPEC database.

Both these deals bring the database producers involved potentially tens of thousands of new users, at a stroke. But site licensing raises a number of sensitive issues regarding pricing and the delivery of information to the end-user.

### Why has site licensing become popular?

'Primarily the growth in site licensing is being driven by universities and public libraries in the States,' says Rick Noble, Vice President of Product Development at UMI. 'There are a number of reasons for this: the growing trend for American universities to form consortia, allowing for the sharing of facilities and economies of scale; the increasing number of library automation services offering retrieval software modules that allow libraries to mount commercial databases on their OPAC systems and the falling cost of computer storage,' he adds.

'Also, although the growth in CDROM technology has increased database usage, CDROMs usually only offer single-user work stations. You can network CDROMs, but once you get past a handful of users, response time falls off dramatically. Tape leasing overcomes this difficulty and allows greater numbers of simultaneous users.'

Site licensing is also being driven by the needs of the end-user market. 'It seems to be part of the current drive to provide information services to the desk of the scientist, engineer or academic,' says Jeff Pache, Electronic Pro-

ducts Marketing Manager for the Institution of Electrical Engineers.



*Jeff Pache*

### Who are the users?

'There is potential in both the academic and corporate markets,' says Linda Sacks, Director of Electronic Distribution at Elsevier, 'but academic usage has the greater potential because universities have tens of thousands of people. That isn't usually the case in a corporation.'

'We are leasing INSPEC to both corporate and academic users,' says Mr Pache, 'the major growth area is the academic market in the States, but it's growing generally. In the corporate sector this is very much the larger companies and, because of the nature of the INSPEC product, our customers tend to be in the electronics and computing fields.'

'We're selling heavily into industry,' says Ann Chapman, Predicasts European Manager. 'It's still very much a service for larger companies. However, where initially it was primarily the chemical sector using the service, more and more electronic and high tech companies are expressing an interest, as are investment banks.'

### The producers' views

**New users** — A major attraction of site licensing to database producers is the ability to recruit thousands of new users, particularly those unable to afford online services.

As Ms Sacks expresses it: 'The heaviest users of Embase are people in drug research. Until now we have not managed to penetrate the academic community as much as we would have liked. Site licensing makes it available to all those people who would never otherwise use the database.'



Linda Sacks  
Courtesy of Elsevier Science World

'Normally a company moves into tape leasing because they want to open up access within the company,' Ms Chapman points out. 'That is obviously a new market for us and is of great interest.'

**Pricing** — 'The major issue is pricing,' says Ms Sacks. 'In the online environment everybody pays by the minute or by the amount of data taken. Once you install a tape in an organisation the question is one of ensuring the database producer gets a fair amount of revenue for the amount of usage.'

Defining a site is central, particularly where a producer may be licensing to a consortium of universities or a multinational company with a global network linking a number of sites and thousands of users. The Institution of Electrical Engineers charges for the INSPEC tape in a number of ways.

'For industrial or commercial organisations,' says Mr Pache, 'we either charge a lease plus usage fee or we charge a lease plus a multiple of the lease depending on the size of the organisation. This structure allows an organisation to lease as many sites as they want.'

'For the academic market we charge per university. There's much less variation in the size of academic establishments, so we can set a single price per university, single campus, of \$41 400,' he adds.

'UMI charges on the basis of the number of simultaneous users,' explains Mr Noble. 'As an example, a university requiring a ten-simultaneous-user, three-campus contract for ABI/Inform would pay \$9050 per year for the first site and \$2625 for each additional site, giving an annual cost of \$14 300.'

Christine Wright, Manager of the Publishing Division of RAPRA Technology, quotes on a case-by-case basis. 'We will look at a number of possible criteria in order to arrive at a reasonable fee. This may be calculated on past online usage — or we may look at the company's turnover and number of employees. We also take into account the use they want to make of the database: some will only want to run SDIs. Some will want to undertake regular searches.'

But there are fears in the industry regarding a possible price erosion, particularly when selling into academic sites.

Elsevier licences Embase for an annual fee of \$40 000 to corporate users but only \$20 000 to academia — on the basis that universities operate on a non-profit-making basis.

And with CHEST re-selling unlimited usage to Embase for £5000, some producers are distinctly uneasy about site licensing, particularly to UK universities. As one commented: 'The amount that CHEST is prepared to pay to database producers is an order of magnitude less than we are getting from universities in the States. After all, these universities will get an enormous amount of benefit while database producers are likely to lose all their print product sales to these universities — and all their CDROM and any online usage will all disappear.'

### The users' views

Mike Johnson, Director of CHEST, is quite clear about the benefits: 'Online services are too expensive for academic usage and the costs cannot be controlled. Site licensing allows universities to obtain unlimited access at a fixed annual fee.'

'In agreeing the deals with ISI and Elsevier we set ourselves the task of providing information "free at the point of use": once the university has paid the annual fee, individual students and academics have unlimited usage, at no cost to them.'

Mr Johnson continues: 'The ISI deal has been extremely successful. Usage is some 200–300 times higher and currently there are about 2500 to 3000 accesses a day, with an average session time of just under 20 minutes. With a couple of dozen universities already signed up for Embase we expect similar usage on the Elsevier files.'

The European Patent Office, based in the Hague, hosts 30 internal databases and a number of Derwent files. These are networked to 1000 of its examiners, based at three sites. The EPO will also be loading the INSPEC database this year.

'Using our own software, EPOQUE, the examiners can search on all the internally-mounted databases, including

the Derwent files, using the same search language,' says Mr Baré, Principal Director of Documentation at the EPO. 'This allows both cross-file and cluster searching and cuts down on training costs. However, the real benefits of site licensing to us are financial. There are no online costs and by negotiating directly with the database producers we have agreed fees that allow us to make a greater number of searches at a lower cost per search.'



Mike Johnson

Robert White is the Executive Director of Bergen County Cooperative Library System — a consortium of libraries in New Jersey. Last April Mr White mounted UMI's General Periodicals file onto his VAX. He also leases ABI/Inform from DRA, a third-party vendor in St Louis.

'By means of a wide area network, all the libraries now have access to both UMI products,' explains Mr White. 'There are 150 terminals connected to the network, all accessed directly by the public.'

'Prior to our site licensing contracts, only one library in Bergen County had access to ABI/Inform, on a single-user CDROM workstation. Most of the other libraries could never have justified the cost of making available a file that they may only need to use once or twice a month,' he adds.

'By mounting our own tape and leasing ABI/Inform we now provide all 61 libraries with a whole panoply of services, including document delivery, at an annual cost to them of between \$2000–\$2500.'

ICI currently leases around ten commercial tapes, including files from RAPRA, PREDICASTS, BIOSIS and DERWENT. The tapes are not mounted, but simply run as a batch process in order to provide a regular SDI service to around 3000–4000 of the company's employees.

With an annual online budget of £2m, tape leasing is not seen as an alternative to online searching. It is a matter of economies of scale.

'Tape leasing is very cost-effective for large numbers of profiles,' explains Dr Clive Weeks, Headquarters Information Services Manager at ICI. 'If there are only a few profiles required it is likely to be cheaper to use online. Also, we run a current awareness service, and tape leasing can rarely compete with the currency of online information.'

'However, we like the confidentiality provided by running our own SDIs: if our profiles got into the public domain, our competitors might realise the direction of our research, although the risk of this is low.'

### The online hosts' views

Site licensing is a sensitive issue for online hosts — a sensitivity underlined by the reluctance of Peter Martin, Managing Director of Data-Star's marketing division, to comment on the topic.

Keith Harding, European Vice President of InfoPro Technologies, responded: 'We do expect site licensing to impact on our online revenue. In fact, we introduced our BRS/Onsite product in Europe about six months ago in direct response to current events. Onsite offers users the opportunity to load about twenty of our major databases locally, for a fixed annual fee.'

Marino Saksida, Head of ESA-IRS, agreed that the growth in site licensing threatened ESA's revenues. 'But it will also impact on the producers' revenues. They are undercutting their own prices. My response will be to go to the producers and say I want exactly the same deal as that being offered to organisations like CHEST. All we want is equal treatment.'

Mark Howard, Marketing Manager of Dialog Europe, was more sanguine: 'There's nothing new about site licensing. The ISI deal with CHEST has probably had some impact on the use of Current Contents, but I see it as more of an experiment. I'm not sure the terms won't be changed when the contract comes up for renewal.'

### When is site licensing appropriate?

Everyone spoken to agreed that while there are real advantages to site licensing, it is not something to enter into lightly. There are a number of issues to consider.

'Tape loading requires fairly significant systems resource,' says Mr Noble, 'including lots of disc space and retrieval software. Then there is an on-going need to load and run the files in-house — all of which is expensive. It is our experience that everyone underestimates the time and cost involved.'

Ms Sacks agrees: 'Most organisations cannot store many years of data, so if they need to do a large retrospective search they need to go online anyway. Also, many users cannot update as frequently as the online vendors can

— so they may end up with both the disadvantage of not being current enough and of not being retrospective enough at the same time!’

‘Site licensing is not generally cost-effective for most organisations that use a large number of commercial databases. There’s a limit to the number of tapes they can load’, states Ms Wright. ‘Even if an organisation uses only one database they would be better with CDROM, unless they have a large number of end-users who need to access the file or they want very current information — only at that point does site licensing make sense.’

Mr Johnson, of CHEST, sums up: ‘It’s horses for courses. There is a spectrum of needs and a spectrum of services to meet those needs. What we’re doing with site licensing doesn’t meet every need. It certainly doesn’t replace CDROM; in many ways it supplements and sits alongside it.’

‘One particular advantage is that you can set up multiple databases at the same time. This is difficult with CDROMs, which usually have different user interfaces.’

### **The future**

What of the future? ‘We are expecting to see a significant growth in site licensing,’ says Ms Sacks. ‘We anticipate a 20–25% growth every year for the next two or three years. This is likely to be a worldwide development.’

‘We’re certainly selling more tapes, if that’s what you’re asking,’ responds Ms Chapman. ‘In fact 18 months ago Predicasts set up a new department in the States expressly to deal with all the tape leasing and site licensing enquiries we are increasingly getting.’